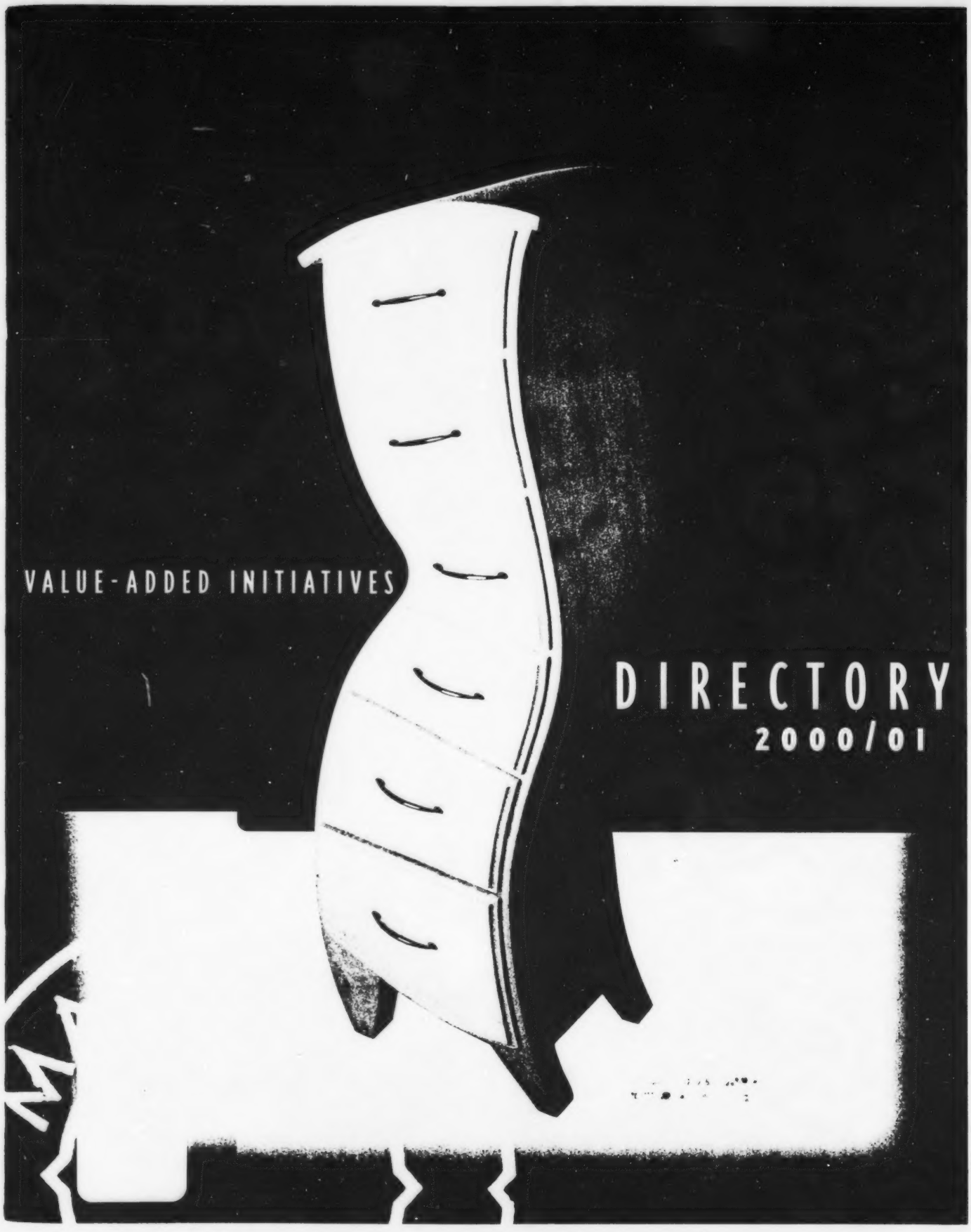
VALUE-ADDED INITIATIVES

DIRECTORY

2000/01



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COVER PHOTO: The award-winning chest of drawers from Vancouver-based Straightline Designs Inc. is representative of the innovative and quality value-added wood products being developed throughout British Columbia.

Forest Renewal BC Value-Added Initiatives 2000/01

"In 1997 the secondary wood products manufacturing sector recorded sales of $2.69 billion, and provided jobs for 14,500 British Columbians".

(from *An Examination of Secondary Manufacturing in British Columbia: Structure, Significance and Trends*, released July 1999)

Introduction

The secondary wood products manufacturing sector is widely acknowledged as a key element of the modern forest economy that the provincial government and forest industry stakeholders are working to achieve in British Columbia.

In 1998, Forest Renewal BC and a cross-section of industry representatives examined the value-added sector and together identified barriers to growth, critical success factors and strategic areas of investment to help it expand and diversify. The resulting Value-added Strategy (August 1998), has five investment areas: Strengthen Industry Infrastructure, Marketing, Technology, Value-added Training, and Business Development.

Industry has taken the lead in identifying, developing and delivering programs and initiatives in each of the investment areas. The programs are designed with clear objectives: to increase the value of goods being produced by B.C.'s secondary value-added wood products manufacturers, increase sales within and outside of the province, and to reduce operational costs – and thereby increase profits – for those manufacturers.

With the strategy in its third year, Forest Renewal BC staff and industry stakeholders continue to work closely to plan and implement new programs that will help the sector to diversify and become a strong competitor in the global marketplace.

Investments by Strategy

In early 1999, Forest Renewal BC announced a restructuring to become a smaller, more streamlined investment agency with three distinct business units dedicated to: investing in land-based activities; assisting communities and workers in crisis; and implementing Forest Renewal's value-added strategy. Forest Renewal BC does not deliver programs; rather, its business units direct investments through forest renewal partners across B.C.

This fiscal year, Forest Renewal BC, through its value-added business unit, will support more than $20.1 million in initiatives to strengthen and expand the province's value-added sector. The breakdown by investment area is:

Table: Value-Added Investments by Strategy, 2000/01

Program Area	Budget for 2000/01
Industry Infrastructure	$ 1,750,000
Marketing	$ 7,900,000
Technology	$ 3,380,000
Value-added Training	$ 5,000,000
Business Development	$ 2,100,000
Total	**$20,130,000**

Results for 1999/2000

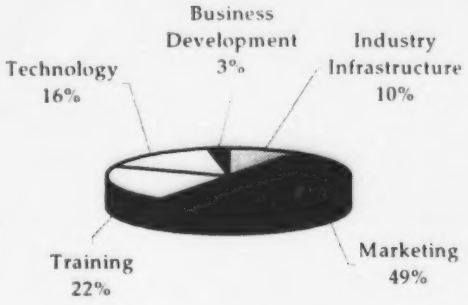
A selection of data from the 1999/2000 fiscal year in each of the program areas shows Forest Renewal BC's investments are helping the province's value-added sector strengthen and grow.

Industry Infrastructure: Funding provided to regional value-added associations enabled them to better support manufacturers in their area. For example: the associations shared information about programs and other forms of assistance available to their members; participated in industry trade and undertook specific marketing initiatives relevant to their members products; and relayed information about the sector's issues and needs to Forest Renewal BC.

Marketing: Forest Renewal marketing investments, according to the secondary wood manufacturing industry, increased sales in domestic and export markets by $39.2 million. The primary industry reported marketing investments raised sales

by $115 million. In one example, BC Wood Specialties Group participated in 33 international trade shows or missions with 98 different B.C. companies.

Value-added Investments by Investment Area (1999/2000)



Technology: Investments led to 60 firms receiving technical assistance and expert help, with improved operating efficiencies of $3.1 million. One Okanagan laminating firm, working with expertise from Forintek Canada, reduced the amount of glue it was using in its turning squares. This cut the number of defects from glue delamination, improved product quality, and saved money on glue.

Training: Some 8,000 person-days of training resulted in an estimated $6.5 million in improved operating efficiencies for participating B.C. value-added companies. Training support for one Interior furniture plant led to productivity increases and labor cost savings of $16,000 in the first month. The company expects ongoing savings, a reduction in wood costs of 2.8 per cent relative to six months previously, and an incremental sales increase of 75 per cent.

Business Development: Forest Renewal BC supported business planning and mentoring services for more than 150 small and medium-sized value-added firms. A Lower Mainland manufacturer gained the opportunity to refine its business plan, resulting in $250,000 of commercial financing to enhance its high-end door manufacturing business.

Key Performance Measures

In Forest Renewal BC's *2000/01 Business Plan*, the value-added business unit identified a number of performance measures that will help define and quantify the success of value-added initiatives and programs in the years to come. This fiscal year, the business unit aims to:

- *Increase total sales for firms participating in Forest Renewal BC programs by two per cent over the industry-wide increase.*
- *Achieve cost-savings by facilitating training for workers and managers and the transfer of new technology to 50 more businesses.*

- *Improve manufacturers' ability to attract financing and other investment through industry cost-sharing, business planning activities and other contributions to programs.*
- *Increase the number of firms participating in Forest Renewal BC programs.*

The impact of international marketing and promotional programs will be measured by the aggregate increase in sales revenues reported by firms participating in Forest Renewal BC's programs. Cost reduction investments will be measured by the efficiency savings reported by those firms.

The value-added business unit continues to utilize an industry-endorsed Return on Investment selection process for evaluating proposals for funding assistance.

Programs and Initiatives

The majority of Forest Renewal BC's investments are delivered province-wide and in 2000/01, the business unit will expand the number of programs that benefit value-added producers in all regions of the province. The agency's investment officers and business partners will play an important role in ensuring that local value-added manufacturers are aware of and have access to available programs and services.

Strengthen Industry Infrastructure

Initiatives developed under this investment area are designed to improve coordination, linkage and communication among industry resources; increase the amount of fibre transferred to the value-added sector; and strengthen industry associations. The associations also help to improve the level of public awareness with respect to local wood manufacturers and their importance to the economy.

- ***Association Support and Service Development***

In 2000, Forest Renewal BC renewed two-year agreements with six value-added associations, who together form the B.C. Council of Value-Added Wood Processors. By working together, these associations and the businesses they represent achieve cost savings for essential services, undertake joint initiatives, and provide a unified voice to government and other stakeholders on issues that affect the value-added sector.

Central Interior Wood Processors' Association
Contact: Carolyn Oakley
Phone: (250) 562-3315

Interior Value Added Wood Association
Contact: Glenn Rousseau
Phone: (250) 860-5191

Log Building Industry of B.C. Association
Contact: Peter Mutrie
Phone: (250) 377-8300

Independent Lumber Remanufacturers' Association
Contact: Jim Fraser
Phone: (604) 824-7805

Vancouver Island Association of Wood Processors
Contact: Roy Ostling
Phone: (250) 752-1008

Kootenay WoodVine
Contact: Joel Russ
Phone: (250) 355-2772

Cooperative of Small Wood Businesses
The newest provincial value-added association was incorporated in June, 1999 to coordinate access to marketing, sales and administrative services and group buying possibilities for artisans, woodworkers and designers.
Contact: Peter Moonen
Phone: (604) 377-9990

- ***Value-Added Fibre Supply Facilitators***

Forest Renewal BC works with primary and secondary industry to support three fibre supply facilitators. Located in the northern, southern and coastal regions, the facilitators promote transfers of sawn fibre and encourage mutually beneficial business relationships between the primary and secondary sectors.

Southern Interior Fibre Facilitator
Bruno Geiger, Interior Lumber Manufacturers' Association
Phone: (250) 832-9189
Cell: (250) 804-9090

Northern Interior Fibre Facilitator
Albert Smith, Northern Forest Products Association
Phone: (250) 564-4861
Cell: (250) 613-7908

Coast Fibre Facilitator
Currently vacant

- ***Crosscut: Provincial Value-added Industry Journal***

This quarterly value-added trade journal offers relevant industry-specific information, sales and networking opportunities. Debuting in 1998, industry-stakeholder readership is now estimated at 7,000 province-wide. Advertising revenues have increased steadily. Content includes articles on economic climate, finance, technology, innovation, markets, product concepts, design, international developments, market intelligence, education and skills training, trade agreements and business profiles.

Crosscut VA Journal
Contact: Bob Price
Phone: (250) 354-1860
Email: khpedit@insidenet.com

- ***An Examination of Secondary Manufacturing in British Columbia***

Published in May 1999, this report provides benchmark and trend data about the wood products manufacturing sector in B.C. Directed by Dr. Bill Wilson, Canadian Forest Service, the study builds upon similar studies from 1990 and 1994, and was produced with funding from Forest Renewal BC, the Ministry of Forests and CFS. This report is being updated in 2000. The report and a related company and product directory can be ordered from the CFS website at www.pfc.cfs.nrcan.gc.ca, or from: Publications, Pacific Forestry Centre, Canadian Forest Service, 506 Burnside Road, Victoria BC V8Z 1M5.

Contact: The Canadian Forest Service
Phone: (250) 363-0721

Marketing

The *Marketing* strategy is aimed at raising the profile of the value-added sector, creating demand for wood products made in B.C., and improving market access and product opportunities. Industry-guided assistance supports the collection and distribution of specific market intelligence, improved market penetration, new

product development, and participation in international trade shows and missions.

- ***Value-Added Marketing and Industry Support Program***

The BC Wood Specialties Group delivers this provincial program which provides marketing and product development assistance to increase sales in both established and new markets and improve product diversity within the industry. Part of the program's funding is allocated to services for emerging enterprises, small companies whose marketing needs differ from larger, established value-added producers. The program is available to all B.C. value-added producers, subject to a fee-for-service schedule.

Contacts: Bill Downing and Dave Farley
Phone: 1-877-422-9663

- ***CanPly Japan/Pacific Rim Market Development Program***

The Canadian Plywood Association is delivering a multi-year market development program for the B.C. plywood industry, targeted at the Japanese, other Asia-Pacific, and U.S. markets. The program highlights the superior engineered qualities of B.C. plywood products, and Canadian softwood plywood's superior environmental performance, physical properties, available supply and conformance to Japanese standards. Activities include education and promotion for home builders, developers and buyers, and other end-users. Other emerging markets in the Pacific Rim will be analyzed and capitalized upon where possible.

Canadian Plywood Association
Contacts: Mike Robson and Natalia Bouvier
Phone: (604) 981-4190

- ***Spruce-Pine-Fir Japan/Pacific Rim Market Development Program***

Platform Frame Construction (2x4) is a growing segment of the Japanese housing industry. To take advantage of this market opportunity, three associations – Cariboo Lumber Manufacturers' Association, Northern Forest Products Association and Interior Lumber Manufacturers' Association – are delivering a multi-year market development program to promote the superior engineered properties of 2x4 construction using B.C. Spruce-Pine-Fir (S-P-F) products. The goal is to expand Japan's demand for B.C. S-P-F products by 1,220 million fbm (cumulative) over five years. In addition, other emerging markets in the Pacific Rim will be analyzed and, where possible, capitalized

upon. The associations are being assisted by Council of Forest Industries offices in Vancouver and Japan.

Cariboo Lumber Manufacturers' Association
Contact: Gord Rattray
Phone: (250) 392-7778

- ***Lumber Promotion: Use of B.C. Coastal Species in Japanese Traditional Style Housing***

Coast Forest and Lumber Association (on behalf of the Zairai Lumber Partnership) is delivering a multi-year marketing program to promote the use of B.C. coastal species, particularly hemlock, in traditional, post and beam style housing in Japan. The program emphasizes the benefits of using B.C. coastal species and lumber products, focusing on their strength, stability, treatability and versatility. Product enhancement and development and product labeling will be key marketing activities. The goal is to counteract the competitive threats that coastal B.C. forest products have encountered in the Japanese market in recent years.

Coast Forest and Lumber Association
Contact: Brian Zak
Phone: (604) 891-1240

- ***Monitoring the Softwood Lumber Agreement***

With Forest Renewal BC financial support, six of B.C.'s value-added associations are able to participate in regional, provincial and national Softwood Lumber Agreement advisory meetings. The objective is to undertake an advisory role to the Minister of Forests and the federal Minister of Natural Resources. Information on these sessions will be shared with the associations' member firms, and specific research studies will be undertaken to benefit the sector and strengthen its competitive position within the limits of the SLA. The project is managed on behalf of the industry by the BC Council of Value Added Wood Processors.

BC Council of Value Added Wood Processors
Contact: Jim Fraser
Phone: (604) 824-7805

- ***WoodWorks!***

WoodWorks! is an industry-led initiative aimed at creating a "wood culture" and increasing the use and market for wood products and value-added engineered wood systems in commercial, industrial and institutional construction. Delivered by the Canadian Wood Council, the *WoodWorks!* program raises awareness of

wood as a building material, provides training and design assistance to design and engineering professionals, and works at the municipal government level to expand and encourage implementation of the BC Builds with Wood Strategy. Strategic direction is provided by a provincial steering committee made up of industry and other stakeholders.

Contact: Roseline Ferre
Phone: (250) 562-0357

Technology

British Columbia is blessed with a wealth of technological resources. Forest Renewal BC's role is to work with industry to improve access to these resources and foster a climate for technological growth in the value-added industry. The *Technology* strategy is closely tied to the *Research and Innovation Development* strategy, as it focuses on ensuring that research and development work in product development, production process, and equipment and productivity improvements are extended to B.C.'s value-added producers.

- ***Technology Transfer Program***

This multi-year program, delivered in partnership by Forintek Canada Corp. and the University College of the Cariboo, puts technical assistance on industry's doorstep. It offers in-plant visits and technical assistance and information by manufacturing process specialists in areas such as wood machining, wood drying and industrial engineering. The program promotes investment in new technologies to increase margins and lower cost structures for secondary manufacturers.

Forintek Canada Corp.
Contact: Ron Nielson
Phone: (604) 224-3221

University College of the Cariboo
Contact: Jerry Lemmon
Phone: (250) 371-5532

- ***Advanced Papermaking Initiative***

In partnership with UBC, BCIT and the Pulp and Paper Research Institute of Canada (PAPRICAN), Forest Renewal BC has invested in the Advanced Papermaking Initiative to establish world-class post-secondary teaching and research programs in advanced papermaking. The initiative will benefit communities and mills by enhancing the knowledge base for adding value to the products of the pulp and paper industry, and creating more employment. The initiative will build on the demonstrated excellence in teaching and research of the two existing pulp and paper programs at UBC and BCIT. Their activities will

be extended and a province-wide network created to share these activities with other post-secondary institutions and industry members throughout B.C.

UBC Pulp and Paper Centre
Contact: Dr. R.J. (Dick) Kerekes
Phone: (604) 822-8560

- ***Forestry Innovation Development Program***

The B.C. Advanced Systems Institute delivers Forest Renewal BC's Forestry Innovation Development Program, fostering development of marketable, innovative processes and products with advisory services and financial support. While the program spans all Forest Renewal BC investment areas, value-added innovations are becoming an increasing priority.

Contact: Gordon Bird
Phone: (604) 689-0551
Toll free: 1-800-501-3388

Value-Added Training

Industry has defined specific needs for improved regional access to training. Forest Renewal is working with industry to fill gaps and extend in-plant training to value-added manufacturers on an equal-access basis. Wherever possible, programs will focus on targeted skills upgrades within the workers' regions.

- ***Value-Added Skills Centre***

Forest Renewal BC and the BC Wood Specialties Group are working together to support this wood processing training centre, the first of its kind in North America. Located in Abbotsford, the centre provides basic skills upgrades and two certificate programs for value-added workers; the Master Certificate (19 weeks – all five disciplines) and the Wood Machinist Certificate (two of five disciplines). Training courses, which are 80 per cent hands-on and 20 per cent classroom-based, are industry-driven and delivered both within the centre and in manufacturing plants throughout the province, to ensure equal access to training and that employee travel and time costs are minimized.

BC Wood Specialties Group
Contact: Ian Harvey
Phone: 1-877-4BC-WOOD
1-877-422-9663

Value Added Skills Centre
Phone: (604) 556-3373

- ***Value-Added Regional Training Program***

Industry training needs that are not met through the skills centre are available through the Value-added Regional Training Program, delivered by BC Wood Specialties Group. Forest Renewal BC investment officers work closely with industry to ensure that duplication and overlap are minimized, that highest priority needs are addressed first, and that training opportunities are available to all eligible firms on an equal-access basis.

BC Wood Specialties Group
Contact: Bill Downing
Phone: 1-877-4BC-WOOD
1-877-422-9663

- ***National Centre for Advanced Wood Processing (CAWP)***

Forest Renewal BC (through its Endowment Program), the federal government and the University of British Columbia support the National Centre for Advanced Wood Processing at UBC. The centre offers degree programs to meet the requirements of Canada's primary and secondary wood manufacturing industries. Its goal is to produce high-quality education, service and research activities, with an emphasis on value-added wood products manufacturing.

Contacts: Simon Ellis and Darrell Wong
Phone: (604) 822-4746 or (604) 822-6122

- ***Wood Products for Design Program, Kootenay School of the Arts***

Since 1996, Forest Renewal BC has supported the development and ongoing operation of the Wood Products for Design Program, located at the Kootenay School of the Arts in Nelson. Design is a critical element to the value-added strategy, as unique and innovative products will assist the industry in moving up the value chain. Graduates of the three-year program are now entering B.C.'s work force.

Contact: Peter Galonski
Phone: (250) 352-2821

- ***Log Building Training Initiative***

The Log Building Industry Association of B.C. (LBI) is receiving Forest Renewal BC's support in its bid to achieve provincial recognition or certification for a Log Home Building curriculum. The association is currently developing the curriculum with the help of the Industry Training and Apprenticeship Commission.

Log Building Industry Association of B.C.
Contact: Peter Mutrie
Phone: (250) 847-0065

- ***WoodLINKS – Wood Industry Education for B.C. High Schools***

This Forest Renewal BC-supported program assists industry, educational institutions and communities to promote wood processing career awareness, and provides funding for teacher resources and training tools to attract talented young people to the province's value-added sector. The WoodLINKS project, in its fourth year of operation, includes more than 25 pilot sites in high schools across the province. Specific goals of the program are to: increase the number and quality of students pursuing a career in the value-added industry; improve high school training and education specific to the industry; and improve the articulation of wood manufacturing programs in high schools with community college and university level courses.

Contact: Sandy Steward
Phone: (604) 822-0821

Business Development

Accessing financial support from the lending community has proven difficult for many value-added manufacturers. Lenders, who often have little knowledge of the value-added sector, view the industry as a high-risk investment. Forest Renewal BC assumes some of this risk and, in so doing, increases manufacturers' ability to obtain loans or attract investment.

- ***Forest Community Business Program***

This program is aimed at diversifying, stabilizing and expanding the economic and employment opportunities of forest-based communities by providing better access to financing, business planning support, and training for small businesses in the forest sector, including existing and potential value-added manufacturers. Community-based lenders such as the Community Futures and Aboriginal Capital corporations (loans up to $75,000) and the Business Development Bank of Canada (loans of $75,000 to $250,000) deliver the program.

Contacts: Forest Renewal BC Value-added Investment Officers
Community Futures Development Corporation
Business Development Bank of Canada

- ***Wood Enterprise Centre***

Quesnel-based WEC is a community-based resource network that provides market and product development information and other support services to new and existing wood products manufacturing businesses in the Cariboo-Chilcotin. The centre, which is supported by Industry Canada, offers a shared-use facility that provides access to machinery, training, co-manufacturing, product

component manufacturing, and business and technical consulting services to businesses and individuals.

Contact: Chris Hartridge
Phone: (250) 992-5313
www.woodent.com

- ***Value-Added Assessment Program (V4AP)***

This program offers business assessment and planning services to value-added firms seeking to enhance their profitability, competitiveness and sustainability. The first step provides a specialist who reviews the company's operations and identifies critical issues to be addressed, as well as providing suggestions or recommendations as to how the company's in-house expertise can be enhanced through training or other techniques.

Should the situation require it, a specialist "Analyst" may be contracted to work with the company to further identify its needs, develop an action plan and/or assist in implementation of the plan. The services provided by the Analyst are short-term and advisory in nature (ie. provide strategic advice and recommendations to firms). Implementation of the steps identified is the firm's responsibility.

Contact: Community Futures Development Corporations
Phone: (250) 562-9622

Other Key Initiatives in 2000/01

Forest Renewal BC's work to promote the province's value-added sector also includes:

- ***The BC Wood Products Showcase:*** This 108-square-metre floor-to-ceiling pavilion, built entirely from commercial value-added products, brings the work of B.C. wood designers and companies to the public and other potential buyers. Since its debut in the fall of 1998, the multiple award-winning showcase has been assembled more than 20 times. A number of venues are scheduled for 2000/01, including both fall and spring home shows at B.C. Place Stadium in Vancouver.

- ***'Made in BC' television series:*** The six-part series, funded by Forest Renewal BC in partnership with the value-added industry and Knowledge Network, first aired in November 1999. It profiles new B.C. wood products, local companies and workers, artisans, training and marketing programs, and examines challenges facing the sector. Building on the success of the series, three additional 30-minute episodes are being filmed for broadcast in 2001.

Contact Us

For more information about Forest Renewal BC's value-added strategy and investments, visit our website at http://www.forestrenewal.bc.ca, or call the number listed below for your area to speak to a value-added investment officer.

Forest Renewal BC Value-added Investment Officers	
Victoria	**250 356-2261**
South Vancouver Island	**250 387-3082**
North Vancouver Island	**250 286-7718**
Lower Mainland	**604 660-4610**
B.C. Interior	**604 660-4610**
Southeastern B.C.	**250 426-1480**
Northern B.C.	**250 387-3082**

Forest Renewal BC thanks its partners in the value-added sector for their assistance in preparation of this directory.

Contact information is accurate as of the end of August, 2000.